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SENATE
SENATE BILL NO. 1093

RECEIVED BY: J.

INTRODUCED BY SENATOR JOSEPH VICTOR G. EJERCITO

AN ACT
TO CREATE THE SOCIAL HOUSING DEVELOPMENT AND
FINANCE CORPORATION, PRESCRIBING ITS POWERS AND
FUNCTIONS, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

On 20 January 2004, the Social Housing Finance Corporation (SHFC) was created by virtue of an executive order (Executive Order No. 272), upon the recommendation of the Housing and Urban Development Coordinating Council (HUDCC) Secretariat. SHFC, a wholly owned subsidiary of the National Home Mortgage Finance Corporation (NHMFC), was tasked to implement the CMP and AKPF programs under the NHMFC and undertake social housing programs for the formal and informal sectors in the low-income bracket.

In its seven years of existence, SHFC's weaknesses were readily observable, if not glaring. EO 272 vaguely defined the powers of the President of the Corporation, of the Board of Trustees, and of the Corporation itself. Being limited in functions, the State's goal to make available affordable decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas are deterred. Furthermore, EO 272 failed to provide a concrete set of qualifications for the President of the Corporation, which could have adverse impact on the management of the institution.

This bill seeks to address these weaknesses and concerns and aims to establish a more independent, well-organized and transparent SHDFC that is more responsive to the housing needs of the Filipino people.


JOSEPH VICTOR G. EJERCITO



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**AN ACT
TO CREATE THE SOCIAL HOUSING DEVELOPMENT AND
FINANCE CORPORATION, PRESCRIBING ITS POWERS AND
FUNCTIONS, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

1 **SECTION 1. Title.** - This act shall be known as the "Social
2 Housing Development and Finance Corporation Act of 20 16."

3 **SEC. 2. Declaration of Policy.**- It is hereby declared the policy
4 of the State to undertake a comprehensive and continuing program of
5 housing and urban development which will make available at
6 affordable cost decent housing and basic services to the
7 underprivileged and homeless Filipinos through the financing and
8 administration of socialized housing programs.

9 **SEC. 3. Statement of Objectives.** - Toward this end, the Senate
10 shall integrate all laws, orders, issuances and administrative circulars
11 relating to the provision of socialized housing to effectively achieve the
12 following objectives:

13 (a) To assist legally-organized associations of underprivileged
14 and homeless citizens to purchase and develop tracts of land
15 and to own lots they occupy or where they choose to relocate
16 to under the concept of community ownership; and
17

18 (b) To enhance the affordability of low-cost housing by low-
19 income families and provide developmental financing for
20 low-cost housing projects.

1 **SEC. 4. The Social Housing Development and Finance**
2 **Corporation.** - To carry out the aforementioned policy and objectives,
3 there is hereby created a Social Housing Development and Finance
4 Corporation (SHDFC), herein referred to as the "Corporation," with
5 principal office in Metro Manila, which shall replace the Social
6 Housing Finance Corporation (SHFC) created by virtue of Executive
7 Order No. 272 issued on 20 January 2004.

8 The corporation shall be the lead government agency to
9 undertake social housing programs that will cater to the formal and
10 informal sectors in the low-income bracket and shall take charge of
11 developing and administering social housing program schemes.

12
13 **SEC. 5. Social Housing Programs.-** Consistent with Republic
14 Act No. 7279, as amended, otherwise known as the "Urban
15 Development and Housing Act of 1992," Republic Act No. 6864, as
16 amended, otherwise known as the "*Abot-Kaya Pabahay* Fund or Social
17 Housing Support Fund Act," and Republic Act No. 7835, otherwise
18 known as the "Comprehensive and Integrated Shelter Financing Act of
19 1994," the corporation shall implement the following programs:

20
21 (a) *Community Mortgage Program (CMP)* - this program shall
22 assist legally organized associations of underprivileged and
23 homeless citizens to purchase and develop a tract of land
24 under the concept of community ownership. The primary
25 objective of the program is to assist residents of blighted or
26 depressed areas to own the lots they occupy, or where they
27 choose to relocate to, and eventually improve their
28 neighbourhood and homes to extent of their affordability.
29

30 (b) *Abot-Kaya Pabahay Fund Program (AKPFP)* - this program
31 seeks to implement a continuing program of social housing
32 that shall make available to low-income families available for
33 low income families to assist them in paying their housing
34 loans; and (b) development financing where funds are
35 utilized to support private developers, non-governmental
36 organizations (NOOs) and landowners in providing
37 affordable housing packages to low-income families.
38

39 In addition to the foregoing major programs of the
40 corporation, it is also tasked to develop and implement other
41 social housing programs such as, but not limited to, the
42 Localized Community Mortgage Program (LCMP), a CMP
43 derivative that allows local government units (LOUs) to

1 address the housing needs of informal settlers and low-
2 income sectors in their respective jurisdictions.

3
4 **SEC.6. Powers and Functions of the Corporation.** - The
5 corporation shall have the following powers and functions:

- 6
7 (a) To promote land ownership, giving priority to the
8 underprivileged and homeless citizens of the society;
9
10 (b) To encourage maximum participation of LOU'S, NOOs, and
11 people's organizations (Pos) to ensure that homeless citizens
12 and the underprivileged can enjoy the benefits of the
13 programs of the corporation;
14
15 (c) To institutionalize and promote housing aided by self-help
16 methods whereby families with their own and/or outside
17 financing can build their homes with their labor and such
18 other self-help approaches in home ownership, and
19 introduce support facilities that will enhance the capabilities
20 of low-income groups to acquire decent housing;
21
22 (d) To assist LGUs to serve the housing requirements in their
23 respective jurisdictions, such as resettlement, development of
24 sites and services, and the renewal of blighted areas;
25
26 (e) To formulate, adopt, amend and/or rescind such rules and
27 regulations as may be necessary to carry out the provisions
28 and purposes of this Act, as well as the effective exercise of
29 the powers and functions, and the discharge of duties and
30 responsibilities of the corporation, its officers and employees;
31
32 (f) To purchase, acquire, sell, discount, refinance or otherwise
33 deal in community or home mortgages or participate therein
34 or engage in estate management under such conditions and
35 terms as maybe determined by the Board of Trustees of the
36 corporation;
37
38 (g) To provide a strong and sustainable finance program
39 supporting the housing objectives and, in relation thereto, to
40 borrow or raise money necessary to meet the financial
41 requirements of its business by the issuance of bonds,
42 promissory notes, and other evidences of indebtedness, and
43 to secure the repayment thereof by mortgage, pledge, deed
44 of trust upon the properties of the corporations

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- (h) To invest and deal with the money and properties of the corporation in such manner as may, from time to time, be considered wise or expedient for the advancement of its interests and to sell, dispose of, or transfer the business, properties, and goodwill of the corporation, or any part thereof for such consideration and under such terms as it shall see fit to accept;
- (i) To enter into any lawful arrangement for joint venture, profit-sharing, union of interest, unitization, or trust agreement, reciprocal concession, or cooperation with any corporation, association, partnership, syndicate, entity, person, or governmental, municipal, or public authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient, or incidental to the carrying out any of the purposes of this corporation;
- (j) To acquire or obtain from any government or authority, national, provincial, municipal or otherwise, or any corporation, company, or partnership, or person, such charter, contracts, franchise, privileges, exemption, licenses and concessions as may be conducive to any of the objectives of the corporation;
- (k) To establish and operate one or more branches, offices, or agencies and to carry on any or all of its operations and business without any restrictions as to place or amount, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge, sell and convey, or otherwise deal with real and personal property anywhere in the Philippines, as may be necessary, or incidental to the conduct of the corporate business;
- (l) To conduct and transact any and all lawful activities, and to do or cause to be done anyone or more of the acts and purposes set forth herein, within or outside the Philippines, and in any and all foreign countries, and to do everything necessary, desirable, or incidental to the accomplishment of the purposes or the exercise of anyone or more of the powers herein enumerated or which shall, at any time, appear conducive to or expedient for the protection or benefit of this corporation;
- (m) To adopt, alter, and use corporate seal, to sue and be sued, and generally, to exercise all powers under the corporation

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laws which are not inconsistent herewith and/ or existing laws; and

(n) To exercise such powers and perform such acts as may be necessary, useful, incidental or auxiliary to carry out the provisions of this Act.

SEC. 7. Board of Trustees. - The corporation shall be governed and its activities directed, controlled, and managed by a Board of Trustees, hereinafter referred to as the "Board" which shall be composed of the following:

- (a) The Chairperson of the Housing and Urban Development and Coordinating Council, as the ex officio Chairman;
- (b) The Secretary of the Department of Finance as the ex-officio Vice Chairman;
- (c) The Secretary of the Department of the Interior and Local Government, or her/his duly designated representative;
- (d) The Secretary of the Department Budget and Management (DBM) or his/her duly designated representative;
- (e) The President of the National Home Mortgage Finance Corporation;
- (f) The President of the Corporation; and
- (g) Four (4) representatives of the private sector who shall each be appointed by the President of the Philippines for a term of five (5) years; *Provided*, That he/ she shall be a citizen and a resident of the Philippines, of good moral character, of known probity, and of proven competence and integrity, a holder of a degree in law, public administration, urban planning, development studies, economics, civil engineering or other related course with special training in housing and urban development programs, preferable in shelter finance management, from a recognized college or university: *Provided*, further, That he/she must have an experience in the development of housing projects, organizations of housing associations, or management of shelter finance programs and other related activities for at least five (5) years.

1 The Chairman, Vice Chairman and members of the Board
2 shall be entitled to a reasonable per diem for each meeting
3 actually attended at such amounts as may be fixed by the
4 Board in accordance with existing laws, rules and
5 regulations.

6
7 **SEC. 8. Powers of the Board.** - The Board shall have the
8 following powers:

- 9
- 10 (a) To adopt the bylaws of the corporation, and to revise or
11 amend the same as may be expedient to carry out effectively
12 the functions of the corporation under this Act;
13
 - 14 (b) To formulate, revise, or adjust periodically all policies, and to
15 promulgate such rules and regulations and manuals of
16 procedure as are necessary to ensure the effective
17 implementation of the provisions of this Act;
18
 - 19 (c) To direct the management, operation, and administration of
20 the corporation;
21
 - 22 (d) To authorize such expenditures by the corporation as are in
23 the interest of its effective administration and operation;
24
 - 25 (e) To approve the corporation's organizational and
26 administrative structures and staffing pattern, and create
27 offices or positions necessary for the efficient management,
28 operation, and administration of the corporation, and to
29 establish the appropriate compensation package for the
30 officers and employees of the corporation: *Provided*, That all
31 positions in the corporation shall not be exempt from
32 Republic Act No. 6758, otherwise known as the Salary
33 Standardization Law, and other existing laws, rules and
34 regulations on salaries and compensation; and
35
 - 36 (f) To exercise such powers as may be necessary to carry out
37 into effect the provisions of this Act and to accomplish the
38 purposes for which the corporation is established.
39

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42 **SEC. 9. President of the Corporation.** - The President of the
43 Corporation shall be appointed by the President of the Philippines for a
44 term of five (5) years: *Provided*. That he/she shall be a person of good

1 moral character, unquestionable integrity, of known probity and
2 patriotism, a holder of a degree in law, public administration, urban
3 planning, development studies, business or economics, or other related
4 course with special training in housing and urban development
5 programs, preferably in shelter finance management, from a
6 recognized college or university: *Provided*, further, That he/she must
7 have expertise and experience of at least ten (10) years in business,
8 finance, the professions, development of programs and other related
9 activities. He/ she shall represent the corporation in all its dealings
10 with other offices, agencies and instrumentalities of the government
11 and with all persons and entities, public or private, domestic or
12 foreign. He/she shall exercise such other powers, functions, and duties
13 as may be delegated by the Board and she shall receive such reasonable
14 compensation, allowances and other emoluments as Board may be
15 determine.

16

17 **SEC. 10. Powers and Duties of the President of the**
18 **Corporation.** - The President of the Corporation shall prepare the
19 agenda of the Board of Trustees, execute and administer the policies
20 and resolutions approved by it, and direct and supervise the
21 operations and management of the corporation. Subject to the approval
22 by the board in the case of managerial positions and above and subject
23 to the confirmation by the board in the case of positions below
24 managerial level, the president shall appoint the personnel of the
25 corporation, prescribe their duties and qualifications, in accordance
26 with existing civil service laws, rules and regulations, to the end that
27 only competent personnel may be employed, and, when warranted,
28 remove, suspend or otherwise discipling them for cause.

29

30 **SEC. 11. Abolition of the SHFC and Transfer of its Powers and**
31 **Functions, Rights, Assets, and Liabilities.** - The SHFC is hereby
32 abolished. Within six (6) months from the approval of this Act, the
33 powers and functions of the SHFC and the programs under its
34 administration, in particular the CMP and the amortization support
35 and the developmental financing programs under the AKPFP, and
36 such other related social housing programs being implemented by it,
37 shall be transferred to and be exercised by the corporation. The
38 corporation shall, by virtue of this Act, be subrogated to all the rights
39 and assume all the contracts and liabilities of the SHFC and all its
40 pertinent funds and appropriations, including unexpended allocations,
41 records, property, assets, equipment and personnel as are necessary:
42 *Provided*, That the existing officers and employees of the SHFC shall
43 continue to assume their posts in a holdover capacity until their new
44 appointments are issued.

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SEC. 12. Structure and Staffing Pattern. - The position structure and staffing pattern of the corporation shall be subject to the approval of the DBM. To ensure the continued implementation of the CMP and the AKPFP during the period of transfer and transition, the SHFC personnel who are performing the functions transferred to the SHDFC shall continue to perform their duties; *Provided*, That the said personnel may, at their option, retire or be separated from the service for which they shall be entitled to the benefits provided by law at the time of retirement or separation.

SEC. 13. Appropriations. - The amount needed for the initial implementation of this Act shall be charged against the current year's appropriation for the CMP and the funds for the AKPFP being administered by the SHFC. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the General Appropriations Act.

SEC. 14. Interim Applicability of Existing Policies, Guidelines, and Rules. - Existing policies, guidelines, rules and regulations with respect to the functions of the SHFC which have been transferred to the SHDFC shall continue to be applicable and in effect until amended or modified accordingly.

SEC. 15. Audit. - The Chairman of the Commission on Audit shall appoint and assign to the corporation a Resident Auditor and other subordinate personnel, responsible to and removable only by the said Commission on Audit Chairman, to perform audit duties, without prejudice, however, to the power of the Board of Trustees to contract another mode of independent audit service, in addition to that provided by the Commission on Audit as provided for under the Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines. The Auditor shall submit, through the Commission, and annual report on the financial condition and the result of the operations of the corporation to the President of the Republic of the Philippines and to the Senate and the House of Representatives.

SEC. 16. Reports. - The corporation shall submit an annual report to the President of the Philippines and to both chambers of the Congress of the Philippines.

1 **SEC. 17. Suppletory Application of the Corporation Code. -**
2 The provision of the Corporation Code shall have suppletory
3 application on matters not provided in this Act.

4

5 **SEC. 18. Implementing Rules and Regulations. -** The
6 implementing rules and regulations to effectively carry out the
7 provisions of this Act shall be adopted and promulgated by the Board
8 of Trustees of the corporation not later than ninety (90) days after the
9 approval of this Act which shall be published in at least one (1)
10 national newspaper of general circulation.

11

12 **SEC. 19. Repealing Clause. -** All laws, decrees, executive orders,
13 or rules and regulations and other issuances, or parts thereof which are
14 inconsistent with or contrary to the provisions of this Act or its
15 purposes are hereby repealed, amended, or modified accordingly.

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17 **SEC. 20. Separability Clause. -** If, for any reason, any provision
18 of this Act, or the application thereof to any person or circumstances, is
19 held invalid or unconstitutional, the remaining provisions not affected
20 thereby shall continue to be in full force and effect.

21

22 **SEC. 21. Effectivity. -** This Act shall take effect fifteen (15) days
23 after its complete publication in the Official Gazette or in at least two
24 (2) national newspaper of general circulation.

25

26 *Approved,*